

## Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 SP-02 MMS-01 EB-07 TRSE-00 AID-05

CIAE-00 INR-07 NSAE-00 ABF-01 PER-01 SS-15 NSC-05

DODE-00 PM-03 /057 W

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R 231200Z APR 75

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 2624

S E C R E T SECTION 1 OF 2 COLOMBO 1297

EO 11652: GDS

TAGS: PFOR, CE

SUBJ: ANNUAL US POLICY ASSESSMENT: SRI LANKA

REF: 11 FAM 212.4; COLOMBO 876 (APRIL 1, 1974)

1. US INTERESTS: IN INCREASINGLY INTERDEPENDENT WORLD  
IT IS IN US INTEREST TO HAVE POLITICALLY STABLE  
AND ECONOMICALLY VIABLE SRI LANKA WHICH, IT IS HOPED,  
WILL MAKE POSITIVE CONTRIBUTION TO STRUCTURE OF  
WORLD PEACE AND MORE RATIONAL ECONOMIC ORDER. WE  
WANT TO HELP ENSURE THAT NO OTHER EXTERNAL POWER  
OBTAINS DOMINANT POSITION OR ESTABLISHES MILITARY  
FACILITIES WHICH WOULD BE INIMICAL TO OUR INTERESTS  
IN THE AREA; THAT SRI LANKA DOES NOT BECOME DESTABILIZING  
FACTOR IN REGION; AND THAT SRI LANKA DOES NOT CREATE  
PROBLEMS FOR US ON INTERNATIONAL ISSUES BY ADOPTING  
OR SUPPORTING POSITIONS OR MAKING PUBLIC PRONOUNCEMENTS  
UNHELPFUL AND IN CONFLICT WITH OUR GLOBAL  
INTERESTS. OUR EFFORTS IN THESE AREAS WILL BE  
CHALLENGED BY THE GENERAL LEFTWARD DRIFT OF  
INTERNAL POLITICS, BY GSL DESIRE TO MAINTAIN  
"STATUS" AMONG NON-ALIGNED COUNTRIES CRITICAL  
OF US, AND BY POSSIBILITY OF MORE  
CRITICISM OF DIEGO GARCIA. OUR DIRECT INTERESTS  
ARE TO MAINTAIN AVAILABILITY OF COLOMBO FOR US

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NAVY SHIP VISITS AND TO HAVE CONTINUED USE BY

VOICE OF AMERICAN OR RECEIVING AND TRANSMITTING  
FACILITIES IN SRI LANKA FOR BROADCASTS DIRECTED  
TO OTHER COUNTRIES IN SOUTH ASIA.

2. OBJECTIVES: OUR OBJECTIVES ARE:

A) TO PROVIDE MODERATE AMERICAN PRESENCE  
TO SERVE AS TANGIBLE REMINDER OF US INTEREST IN  
SRI LANKA AND  
X PARTIAL COUNTERWEIGHT TO OTHER  
EXTERNAL POWERS, PARTICULARLY USSR AND PRC;

B) TO SUPPORT GSL'S EFFORTS TO OVERCOME  
SERIOUS ECONOMIC PROBLEMS AND TO ACCELERATE PACE  
OF ECONOMIC DEVELOPMENT;

C) TO MAINTAIN GOOD WORKING RELATIONSHIPS  
WITH ALL ELEMENTS OF POLITICAL SPECTRUM AND TO  
USE OUR INFLUENCE TO COUNTERACT LEFTIST EFFORTS  
TO EXCLUDE US AND WESTERN PRESENCE. OVERALL  
GOAL IS TO SEE SRI LANKA DEVELOP INTO ECONOMICALLY  
VIALE NATION FUNCTIONING UNDER DEMOCRATIC  
SYSTEM, STABLE, NON-ALIGNED, FRIENDLY TOWARD  
US, AND OFFERING MODEST MARKET FOR  
US GOODS AND SERVICES.

3. MEASURING US PERFORMANCE: IN TERMS OF OUR  
FOREIGN POLICY AND POLITICAL OBJECTIVES AND OUR  
DIRECT INTERESTS, WE HAVE BEEN SUCCESSFUL. OUR  
RELATIONS WITH GSL ARE GOOD. GSL HAS NOT BECOME  
OVERLY DEPENDENT ON ANY SINGLE EXTERNAL POWER.  
IT HAS AVOIDED CALCULATED ANTAGONISM OF US.  
PRIME MINISTER HAS BEEN ABLE TO STEER  
PRAGMATIC COURSE WHICH HAS WEAKENED EFFORTS OF  
SOME LEFTISTS TO ELIMINATE WESTERN PRESENCE. OUR  
GENERAL INTEREST IN SEEING SIGNIFICANT ECONOMIC  
DEVELOPMENT IN SRI LANKA HAS NOT BEEN MET, FOR  
REASONS DISCUSSED BELOW.

4. DOMESTIC ENVIRONMENT: DROUGHT, WHICH HAS PER-  
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SISTED FOR THREE YEARS, INTENSIFIED OVER PAST  
YEAR IN NORTH CENTRAL DRY ZONE, MAIN RICE SURPLUS  
AREA IN COUNTRY. RESULTS HAVE BEEN:

A) SHARP SETBACK TO GSL'S EFFORTS TO INCREASE  
DOMESTIC FOOD PRODUCTION, INCREASINGLY PRECARIOUS  
BALANCE OF PAYMENTS AND FOREIGN EXCHANGE LIQUIDITY  
SITUATION BECAUSE OF BIG JUMP IN OIL AND FOOD

PRICES ON WORLD MARKET; AND

B) CONTINUED POLITICAL AND ECONOMIC TENSIONS. HALF OF DRY ZONE RICE CROP HAS BEEN DESTROYED OR UNPLANTED. ALMOST HALF OF FOREIGN EXCHANGE EARNINGS MUST GO TO SERVICE SHORT-AND LONGER-TERM FOREIGN DEBT, WITH MOST REQUIRED FOR SHORT-TERM CREDITS. COST OF LIVING HAS RISEN SHARPLY, AND MALNUTRITION HAS BECOME COMMON AMONG POORER 40 PERCENT OF POPULATION. COUNTRY CONTINUES TO PROVIDE RANGE OF SOCIAL SERVICES BEYOND FINANCIAL CAPACITY, AND LEFTISTS ARE PUTTING PRESSURE ON PRIME MINISTER BANDARANAIKE TO ADOPT RADICAL ECONOMIC MEASURES SUCH AS NATIONALIZATION OF FOREIGN BANKS AND STERLING ESTATES AS PRICE FOR KEEPING WORKERS IN LINE. OPPOSITION UNITED NATIONAL PARTY (UNP) IS CAMPAIGNING TO FORCE GENERAL ELECTIONS IN 1975. PRIME MINISTER HAS DECLARED FIRM INTENTION TO HOLD GENERAL ELECTIONS IN 1977 DESPITE PRESSURE FROM SOME LEFTISTS THAT ELECTIONS BE POSTPONED INDEFINITELY, BUT SHE IS ADAMANTLY OPPOSING UNP DEMAND FOR ELECTIONS THIS YEAR. ALL THESE FACTORS CONTRIBUTE TO ATMOSPHERE OF POLITICAL AND ECONOMIC TENSION.

5. FOREIGN POLICY ENVIRONMENT: DURING PAST YEAR GSL HAS CONTINUED GENERALLY TO ADHERE TO POLICY OF NEUTRAL NON-ALIGNMENT AS OPPOSED TO ITS EARLIER PRACTICE OF "DYNAMIC" NON-ALIGNMENT, WHICH USUALLY MEANT ACTIVE SUPPORT OF COMMUNIST CLOC CAUSES. NONETHELESS, GSL RECOGNITION OF PRG AND EXCHANGE OF VISITS WITH SIHANOUK'S GRUNK REVEAL CONTINUED LEFTIST INFLUENCE IN FASHIONING FOREIGN POLICY. SIGNIFICANT NEW ELEMENT IS PRIME SECRET

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MINISTER BANDARANAIKE'S AND GSL'S INCREASING INVOLVEMENT IN PREPARATIONS FOR NON-ALIGNED SUMMIT CONFERENCE SCHEDULED FOR COLOMBO IN AUGUST OR SEPTEMBER 1976. CONFERENCE-RELATED PLANNING AT PRESENT TAKES PRECEDENCE OVER ALMOST ALL OTHER ACTIVITY EXCEPT EFFORTS TO OBTAIN EXTERNAL ECONOMIC ASSISTANCE. PRIME MINISTER BANDARANAIKE SEEMS TO BE TRYING TO DIRECT NON-ALIGNED SUMMIT ALONG LESS POLEMIC LINES THAN CHARACTERIZED PREVIOUS SUMMITS, BUT IT REMAINS TO BE SEEN WHETHER SHE CAN WITHSTAND PRESSURE FROM MORE MILITANT MEMBERS OF NON-ALIGNED GROUP.

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R 231200Z APR 75

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 2625

S E C R E T SECTION 2 OF 2 COLOMBO 1297

6. BILATERAL RELATIONS: RUSSIANS HAVE BEEN ABLE TO IMPROVE THEIR FORMERLY FROSTY RELATIONS WITH GSL. THEIR PRESENCE HAS TENDED TO INCREASE BECAUSE OF GROWING PARTICIPATION IN OIL EXPLORATION AND DEVELOPMENT PROJECTS. SOVIETS, AIDED BY INDIANS, HAVE CAMPAIGNED ACTIVELY AGAINST AMERICAN NAVL PRESENCE IN INDIAN OCEAN AND OUR PLANS TO EXPAND FACILITIES AT DIEGO GARCIA. SO FAR, GSL HAS BEEN RATHER CIRCUMSPECT RE OUR INDIAN OCEAN PRESENCE, ANC CRITICISM OF DIEGO GARCIA PLANS HAS BEEN RESTRAINED. PRIME MINISTER'S TRAVELS TO EUROPE, IRAN, SOVIET UNION, AND INDIA AND OTHER CABINET MINISTERS VISIT TO MIDDLE EAST HAVE BEEN REWARDED BY SUBSTANTIAL ADDITIONAL COMMITMENTS OF FOREIGN AID, PARITICULARILY FROM KUWAIT AND IRAN. US RAISED ITS AID LEVEL TO \$35.5 MILLION( INCLUDING CARE), THE INCREASE REFLECTING DEVELOPMENT LOAN FOR FERTILIZER (\$8 MILLION) AND SHARP INCREASE IN PRICE OF WHEAT FLOUR. AID FROM TWO WESTERN COUNTRIES, NETHERLANDS AND SWEDEN, ROSE SHARPLY, AND WESTERN AID GROUP CONTINUES TO BE VITAL FACTOR IN MAINTAINING ECONOMIC EQUILIBRIUM. PREVIOUSLY PROMINENT IMAGE OF PRC HAS DIMMED SLIGHTLY IN PAST YEAR AS CHINESE ECONOMIC ASSISTANCE HAS DROPPED.

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7. LOOKING AHEAD: ECONOMIC SCARCITIES WILL CONTINUE TO PRODUCE INTENSE PRESSURES, BOTH ECONOMIC AND POLITICAL. WE BELIEVE, HOWEVER, THAT PRIME MINISTER BANDARANAIKE WILL CONTINUE TO EXERCISE GENERAL CONTROL EVEN THOUGH, IN CHARACTERISTIC FASHION, SHE IS UNABLE TO PROVIDE FIRM DIRECTION. WE BELIEVE US PRESENCE WILL CONTINUE TO BE WELCOMED BOTH AS OFFSET TO OTHER EXTERNAL INFLUENCES AND AS SOURCE OF DESPERATELY NEEDED FOREIGN AID.

8. RECOMMENDATIONS: WE SHOULD CONTINUE OUR CAREFULLY MEASURED PROGRAMS AND ACTIVITIES IN MANNER CONSISTENT WITH OUR LIMITED INTERESTS HERE. EMBASSY RECOMMENDS:

(A) CONTINUED PROVISION OF DEVELOPMENT LOANS PL 480 FOOD GRAINS, AND CONTRIBUTION TO CARE PROGRAM FOR FY-1976. AMOUNT OF ASSISTANCE SHOULD BE MAINTAINED AT APPROXIMATELY FY-1975 LEVELS: 100-125,000 TONS OF FOOD GRAINS, \$8 MILLION DEVELOPMENT, AND CARE PROGRAM OF APPROXIMATELY \$3 MILLION. WE SHOULD ALSO BEGIN TO CONSIDER FEASIBILITY OF LIMITED TECHNICAL ASSISTANCE PROGRAM IN SUPPORT OF DEVELOPMENT LOANS;

(B) FREQUENCY OF SHIP VISITS BE MAINTAINED AT PRESENT LEVEL AND WITH MAXIMUM OF 6-7 VISITS PER YEAR (MAINLY DESTROYER-SIZED UNITS). FOR FURTHER DISCUSSION SEE COLOMBO 3099 (NOVEMBER 6, 1974);

(C) IN PAST YEAR USIS BUDGET WAS INCREASED TO MEET ONE-TIME EXPENSE OF MOVE TO NEW LOCATION. CU PROGRAM ALLOCATION WAS REDUCED, UNFORTUNATELY IN VIEW OF GSL'S INCREASING INABILITY TO STOCK LIBRARIES, FINANCE EDUCATION ABROAD, AND MAINTAIN EDUCATIONAL FACILITIES. WE RECOMMEND OUR EFFECTIVE U.S. INFORMATION AND EXCHANGE PROGRAMS BE MAINTAINED AT PRESENT LEVEL OR INCREASED IF POSSIBLE;

(D) WE SHOULD CONTINUE TO BE READY PROVIDE SMALL CONUS-ONLY MILITARY TRAINING PROGRAM IF CEYLONese REQUEST IT;

(E) WE SHOULD CONTINUE OUR RELATIVELY SECRET

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LOW-PROFILE APPROACH TO U.S. PRESENCE IN SRI LANKA, MAINTAIN BEST RELATIONS POSSIBLE WITH ALL ELEMENTS ON POLITICAL SCENE, AND AVOID ANY APPEARANCE OF TAKING SIDES IN LOCAL POLITICAL

DISPUTES.

9. RESOURCE PROBLEMS: RECENT LOSS OF ONE SUBSTANTIVE AMERICAN OFFICER POSITION WILL ADVERSELY AFFECT EMBASSY'S FLEXIBILITY AND ABILITY TO COVER VARIOUS ASPECTS OF LOCAL SCENE. AS RESULT, CUTBACK IN REPORTING, REPRESENTATIONAL ACTIVITIES, AND DEVELOPMENT OF CONTACTS WILL BE NECESSARY. WE RECOMMEND RESTORATION OF THIS POSITION AS SOON AS POSSIBLE.

10. STAFFING AND FUNDING REQUIREMENTS:

|         | FY 76     | FY 77     | FY 78     |
|---------|-----------|-----------|-----------|
| STATE\$ | 514,000   | 705,000   | 621,000   |
| AID     | 42,000    | 104,000   | 91,000    |
| USIS    | 425,000   | 582,000   | 513,000   |
| DOD     | 27,000    | 30,000    | 33,000    |
|         | 1,008,000 | 1,429,000 | 1,258,000 |

\$ DOES NOT INCLUDE FBO

STAFFING - ENTIRE PERIOD

|          | AMERICAN | LOCAL |
|----------|----------|-------|
| STATE\$  | 29\$     | 51    |
| AID      | 3        | 3     |
| USIS\$\$ | 5        | 31    |
| DOD      | 3        | 1     |
| TOTAL    | 40       | 86    |

\$ INCLUDES 6 MSG

\$\$ INCLUDES 1 AMERICAN AND 3 LOCALS FOR VOA

10. AMBASSADOR VAN HOLLEN APPROVED THIS MESSAGE BEFORE HIS DEPARTURE FOR UNITED STATES EVENING OF APRIL 22.

BYRNE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ANNUAL REPORTS, INTELLIGENCE ASSESSMENTS, POLITICAL SITUATION, FOREIGN POLICY POSITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** woolflhd  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Drafter:** n/a  
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**Review Authority:** woolflhd  
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**Status:** NATIVE  
**Subject:** ANNUAL US POLICY ASSESSMENT: SRI LANKA  
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**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006